

**CALENDAR ITEM
C74**

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S 17

12/02/13
PRC 7772.1
D. Simpkin

TERMINATION AND ISSUANCE OF A GENERAL LEASE – RIGHT-OF-WAY USE

APPLICANT:

Mobil Pacific Pipeline Company
12851 East 166th Street
Cerritos, CA 90703

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Salinas River, five miles northwest of the town of Bradley, Monterey County.

AUTHORIZED USE:

The continued maintenance of two existing non-operational steel filtered production water pipelines (one 12-inch-diameter and one 4-inch-diameter).

LEASE TERM:

10 years, beginning December 2, 2013.

CONSIDERATION:

Annual rent in the amount of \$560 per year, with annual CPI adjustments .

SURETY: \$20,000

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the upland adjoining the lease premises.
2. On February 8, 2011, the Commission authorized the issuance of a General Lease – Right-of-Way Use, Lease No. PRC 7772.1, to Mobil Pacific Pipeline Company (Mobil) for a 5-year term, effective May 1, 2009. The lease will expire on April 30, 2014.
3. The Applicant is a subsidiary of ExxonMobil Pipeline Company (Exxon). Exxon maintains a separate General Lease - Right-of-Way Use, Lease No. PRC 5538.1 for a non-operation 6-inch-diameter natural gas pipeline adjacent to the lease premises in the Salinas River. PRC 5538.1 is also

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on the December 2nd Commission meeting agenda. At the request of the Lessee for both lease terms to coincide, Lease No. PRC 7772.1 will be terminated and a new General Lease – Right-of-Way Use will be issued.

4. The pipelines were formerly used to transport crude oil produced at Mobil's San Ardo Production Field in Monterey County to Chevron's Estero Marine Terminal where the crude oil was loaded onto ships. In 1998, Mobil began transporting the crude oil by train and the use of the pipeline was discontinued. In February 2000, the Commission authorized an amendment to the lease to change the use of the pipelines from the transport of crude oil to the transport of filtered production water. The filtered water was being transported from the San Ardo Production Field to be used for steam flooding oil wells in the San Joaquin Valley. The pipelines were subsequently taken out of service and are currently non-operational.
5. Prior to being taken out of service, these pipelines were cleaned of all hazardous liquids. A poly pig pushed by nitrogen was utilized to achieve displacement of all liquid to ensure the pipelines were taken out of service pursuant to State and/or federal requirements. A block valve was placed at the end of each pipeline system. The pipelines are buried five feet below the mean river bottom.
6. The new lease will allow Mobil's continued maintenance of the facilities until it is determined if and when the facilities may be returned to service.
7. **Lease Termination:** The staff recommends that the Commission find that the subject lease termination does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

8. **Issuance of Lease:** The staff recommends that the Commission find that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

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Authority: Public Resources Code section 21084 and California Code of Regulations, Title 14, section 15300 and California Code of Regulations, Title 2, section 2905.

9. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

EXHIBITS:

- A. Land Description
- B. Site and Location Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Lease Termination: Find that the subject lease termination is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

Issuance of Lease: Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, Title 2, section 2905, subdivision (a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

AUTHORIZATION:

1. Authorize termination, effective December 1, 2013, of Lease No. PRC 7772.1, a General Lease – Right-of-Way Use, issued to Mobil Pacific Pipeline Company.

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2. Authorize issuance of a General Lease – Right-of-Way Use to Mobil Pacific Pipeline Company beginning December 2, 2013, for a term of 10 years, for the continued maintenance of two existing non-operational steel filtered production water pipelines (one 12-inch-diameter and one 4-inch-diameter) as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$560, with annual CPI adjustments, as provided in the lease; and liability insurance with coverage in an amount no less than \$1,000,000 per occurrence; Applicant may satisfy all or part of the insurance requirements through maintenance of a self-insurance program as outlined in the lease; surety in the amount of \$20,000.

EXHIBIT A

PRC 7772.1

LAND DESCRIPTION

Two parcels of submerged land situate in the bed of the Salinas River, lying adjacent to Section 23, Township 23 South, Range 10 East, Mount Diablo Meridian as shown on the Official U.S. Government Plat approved December 3, 1880, located in County of Monterey, State of California, and being more particularly described as follows:

PARCEL 1 - 4" M-121A

A 10 foot wide strip of land lying 5 feet on each side of the following described centerline:

COMMENCING at the northeast corner of said Section 23, as shown on that certain map filed in Volume 4 of Surveys at Page 102, Records of Monterey County; thence North $89^{\circ}31'47''$ West 50.57 feet along the northerly line of said Section 23; thence leaving said northerly line of Section 23, South $12^{\circ}04'56''$ West 371.39 feet; thence South $19^{\circ}32'56''$ West 192.64 feet to the POINT OF BEGINNING, said point being on the centerline of an existing non-operational four-inch diameter steel filtered production water pipeline; thence from said point of beginning along said water pipeline the following eleven (11) courses:

- (1) South $26^{\circ}34'32''$ West 142.40 feet,
- (2) South $28^{\circ}19'15''$ West 68.75 feet,
- (3) South $01^{\circ}15'45''$ West 35.82 feet,
- (4) South $56^{\circ}20'00''$ East 61.82 feet,
- (5) South $08^{\circ}27'08''$ West 931.77 feet,
- (6) South $75^{\circ}23'33''$ East 17.04 feet,
- (7) South $21^{\circ}45'18''$ East 569.90 feet,
- (8) South $28^{\circ}47'02''$ West 69.45 feet,
- (9) South $18^{\circ}15'19''$ East 186.87 feet,
- (10) South $21^{\circ}01'10''$ East 165.71 feet, and
- (11) South $20^{\circ}55'06''$ East 171.62 feet to the TERMINUS of the centerline of said strip.

EXCEPTING THEREFROM any portions lying landward of the low water marks of the Salinas River.

The sidelines of said strip to be lengthened or shortened as to terminate at the low water marks on the right and left banks of the Salinas River.

PARCEL 2 - 12" M-120

A 10 foot wide strip of land lying 5 feet on each side of the following described centerline:

COMMENCING at the northeast corner of said Section 23, as shown on that certain map filed in Volume 4 of Surveys at Page 102, Records of Monterey County; thence North 89°31'47" West 70.85 feet along the northerly line of said Section 23; thence leaving said northerly line of said Section 23, South 12°26'03" West 122.59 feet; thence South 11°18'15" West 155.14 feet; thence South 14°36'24" West 161.98 feet to the POINT OF BEGINNING, said point being on the centerline of an existing non-operational twelve-inch diameter steel filtered production water pipeline; thence from said point of beginning along said water pipeline the following ten (10) courses:

- (1) South 20°29'31" West 130.20 feet,
- (2) South 28°25'13" West 223.92 feet,
- (3) South 57°41'32" East 86.41 feet,
- (4) South 08°21'20" West 893.02 feet,
- (5) South 31°19'52" East 7.46 feet,
- (6) South 20°41'09" East 614.53 feet,
- (7) South 18°53'27" West 63.58 feet,
- (8) South 20°58'44" East 185.98 feet,
- (9) South 21°09'29" East 165.50 feet, and
- (10) South 20°43'42" East 144.46 feet to the TERMINUS of the centerline of said strip.

EXCEPTING THEREFROM any portions lying landward of the low water marks of the Salinas River.

The sidelines of said strip to be lengthened or shortened as to terminate at the low water marks on the right and left banks of the Salinas River.

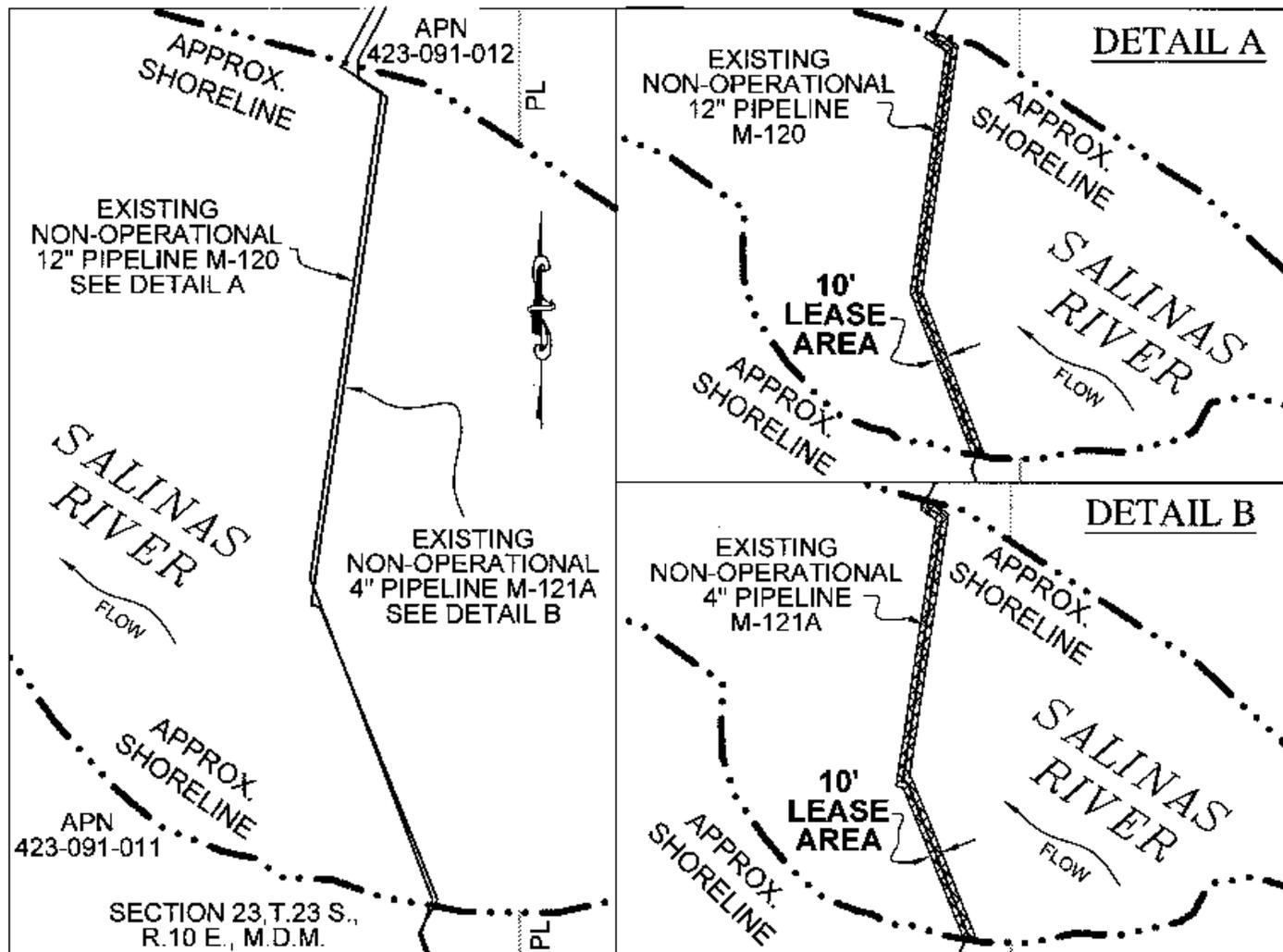
END OF DESCRIPTION

Prepared 05/11/2010 by the California State Lands Commission Boundary Unit.



NO SCALE

SITE



SALINAS RIVER, 5 MILES NORTHWEST OF BRADLEY

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

PRC 7772.1
 MOBIL PACIFIC
 PIPELINE COMPANY
 GENERAL LEASE -
 RIGHT-OF-WAY USE
 MONTEREY COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.